UNITED NATIONS

DP

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.
GENERAL

DP/CCF/DMI/1
9 July 1997

ORIGINAL: ENGLISH

Third regular session 1997
15-19 September 1997, New York
Item 6 of the provisional agenda
UNDP

UNDP: COUNTRY COOPERATION FRAMEWORKS AND RELATED MATTERS

FIRST COUNTRY COOPERATION FRAMEWORK FOR THE COMMONWEALTH OF DOMINICA (1997-1999)

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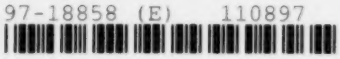

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INTRODUCTION

1. The first country cooperation framework (CCF) for the Commonwealth of Dominica is the result of a consultative process with the Government, including consultations held with officials of the Ministry of Finance, Industry and Planning in August 1996. It culminated in a meeting between UNDP and government representatives in Barbados in May 1997. The present document describes UNDP plans for cooperation with the Commonwealth of Dominica for the period 1997-1999 and reflects the consensus that emerged on the main strategic, substantive and operational aspects.

2. The CCF has benefited from: (a) the March 1996 framework document for a national socio-economic development plan which was based on research and consultations conducted under the auspices of the National Development Corporation and the Ministry of Finance and Planning; (b) the medium-term economic strategy paper 1996-1998, produced for the Caribbean Group for Cooperation in Economic Development of June 1996; and, (c) the findings and recommendations of the mid-term review of the third country programme conducted in August 1995, and consultations with the United Nations specialized agencies, and bilateral and multilateral donors, undertaken during the preparation of the Advisory Note.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

3. The Commonwealth of Dominica covers an area of 751 sq km and has a coastline of 148 km. The population in 1995 was estimated at 82,608. The majority live in agricultural settlements and in towns dotted along the coastal valleys.

4. From 1980-1990, Dominica achieved an annual real gross domestic product (GDP) growth rate of 4 per cent. By 1990-1993, this had fallen to 2 per cent. The mainstay of the economy is agriculture, primarily banana production which, until recently, accounted for 20 per cent of the GDP, between 50 to 60 per cent of merchandise exports and nearly 33 per cent of employment. Tourism is growing on a small scale and manufacturing contributes only 6 per cent to the GDP.

5. Increasing globalization, trade liberalization and the loss of protected markets, and the decline in the price of bananas pose new development challenges to the Government. Fiscal and economic reform programmes, including an economic diversification strategy, are currently being developed in consultation with the Caribbean Development Bank (CDB), the International Monetary Fund, and the World Bank.

6. With a human development index value of 0.764 and a real GDP per capita of US$ 3,810 in 1993, the 1996 UNDP Human Development Report places the Commonwealth of Dominica in the category of countries that have achieved medium human development. The Government allocates 15.3 per cent of its current expenditure to education. According to the national survey conducted in 1993, the Commonwealth of Dominica has a literacy rate of 64.2 per cent (which is relatively low by eastern Caribbean standards) and an infant mortality rate of 20 per 1,000 births. Thus the country's population has reasonably good access to education and health services. The country's economic performance as

measured by national income statistics must be attributed at least in part, however, to the following factors: (a) the success of the Government in securing foreign grants and concessionary borrowing that averaged 6.9 per cent of GDP between 1986 and 1990; (b) the level of subsidy inherent in the preferential price of bananas in the protected European market; and, (c) the effect on household incomes of net private transfers from abroad. The 1993 performance indicators do not reflect the current situation, as they do not take into consideration the effect on the economy of hurricanes and storms that struck the Commonwealth in 1994 and 1995, the impact of the world recession on aid flows and transfers, and the changes in agricultural commodity marketing arrangements with the United Kingdom. These external conditions will, therefore, be very relevant to an assessment of Dominica's sustainable human development outlook.

7. Poverty reduction and sustainable livelihoods: A National Poverty Assessment, conducted in 1995 with support from the CDB and the British Development Division (BDD), reports that one in three persons in Dominica may be living in poverty and that the most intense deprivation is concentrated in rural areas where unemployment has risen sharply as a consequence of the downturn in banana prices. It estimated unemployment at 14 per cent in 1992, reaching 18 per cent in 1993. With hurricanes Marilyn and Luis causing further disruption in the agricultural sector in 1995, the level of unemployment and incidence of poverty in rural areas has increased. Incidences and levels of poverty are most acute among Dominica's 1,700 Caribs who occupy a reserve of about 3,700 acres on the north-east coast.

8. Gender: Although women in Dominica have made commendable strides in terms of their participation in national, political and economic decision-making, they constitute a large segment of the poor. It is estimated that about 50 per cent of households are headed by women who are mainly single, young mothers. Unemployment among women at 59.5 per cent of the national average is considerably higher than the 29.1 per cent among men, and the former's income-earning power is circumscribed by their responsibilities for child and elderly care. In rural areas, the unpaid work of women, not only as caregivers, but also as subsistence agricultural workers, is overlooked in national income accounting. Poor women still face many obstacles in attaining economic independence since land ownership and competency in cash-crop agriculture, which most rural women lack, is a prerequisite in rural Dominica.

9. Governance and management development: To complement the Government's efforts in the promotion of sustainable human development (SHD), the National Association of Non-Governmental Organizations (NANGO) was established in July 1996 as a registered umbrella non-governmental organization (NGO) uniting the major NGOs in Dominica. A number of NANGO's individual members are also represented in the Sustainable Development Council that has been very effective in identifying social and development issues and developing intersectoral strategies for addressing SHD challenges.

10. Environment: The protection of the environment and the implementation of sustainable eco-tourism are guided by Dominica's national environmental action plan. The main challenges articulated in the document are: (a) deforestation, which is the result of agricultural expa..sion and unregulated timber harvesting, land clearing and inappropriate land use in the island's extensive water catchment area; (b) inadequate sewage treatment as well as poor management of solid waste and agricultural and agro-industrial waste; and (c) limited

management of the coastal zone where manufacturing and tourism are concentrated. Physical planning as an integral part of the development planning process is not yet well established in Dominica. Furthermore, current legislation does not require the preparation of an environmental impact assessment for major investment projects. Finally, the physical planning division of the Ministry of Finance, Industry and Planning has only limited control over major development projects.

11. Government goals and priorities: The Government's mid-term economic strategy paper and key economic analyses indicate that the Government's priority is to revitalize and diversify the economy away from an overwhelming dependency on banana production, to a more diversified, competitive, export-led base.

12. Although Dominica does not yet have an integrated national development plan, there are sectoral plans that have guided development activities to date. The critical issues to be addressed are identified by the Government in the document, Adjustment, Growth and Wellbeing in the Commonwealth of Dominica. These include: (a) the restoration of fiscal prudence and responsibility; (b) the formulation of a sound macroeconomic framework; (c) the institution of a capital mobilization programme through the privatization of certain State-owned enterprises and the promotion of capital markets; (d) the revision of the fiscal incentives regime and business development strategies that promote job creation; (e) the upgrading of national human resource development programmes; (f) the institution of a public sector management development programme that includes capacity-building for the incorporation of computer-based technologies for aiding decision-making; (g) the strengthening of technical cooperation links with the regional and international community; (h) the integration of poverty reduction measures into national socioeconomic development planning; (i) the implementation of the national environmental action plan; and, (j) the improvement of national capacity in the formulation, planning and implementation of projects.

II. RESULTS AND LESSONS OF PAST COOPERATION

13. The UNDP third country programme for Dominica (1992-1996) concentrated on the following areas: (a) adult education, in which technical assistance was provided for the design of an adult education strategy and for the preparation of training materials to help the Government improve literacy and vocational training delivery systems for adults in rural areas; (b) physical planning which, with United Nations Centre for Human Settlements backstopping of the programme, assisted the Government to improve land-use planning and address environmental protection and natural resource management issues in the context of the proposed economic diversification thrust; and (c) management development, which provided direct technical support and institutional capacity-building for the planning and implementation of major capital works in the public sector investment programme. Regional UNDP-supported projects that have had an impact on Dominica are: the Capacity 21 project, under which an active Sustainable Development Council has been set up; the Small Enterprise Development Unit project which has assisted in strengthening the capacity of the National Development Corporation in the area of micro-business development; the global environment facility's (GEF) Small Grants Programme, designed to attract additional financing for small-scale environment management projects, primarily developed by the NGO community; and support to the Caribbean Disaster and Emergency Relief Agency which plays a particularly important disaster

preparedness role in the region. The United Nations Volunteer (UNV) programme has continued to supply the Government with cost-effective middle and upper-middle specialist personnel as strategic inputs in the implementation of projects funded through the Government, the United Nations system or other donor agencies.

14. During the fifth cycle, UNDP promoted the use of the national execution modality. Limited familiarity with the national execution modality and shortage of staff within government departments charged with project implementation led to a heavy reliance on the UNDP country office for the implementation and monitoring of its programmes and projects. The problem of limited capacity to manage and implement externally-funded projects was not only limited to UNDP technical cooperation projects. Low implementation rates due to limited capacity continues to be a key constraint in the management of the Government's Public Sector Investment Programme (PSIP). During the period of the first CCF, emphasis will be placed on training and institutional strengthening in the Ministry of Planning in order to ensure a higher level of national ownership of UNDP-supported technical cooperation programmes. National execution will essentially be seen as a capacity-building strategy that should have multiplier effects with respect to the Government's overall capacity to manage and implement public sector technical cooperation programmes. The use of UNV specialists and technical cooperation among developing countries (TCDC) has yielded positive results and will be continued.

15. During the last cycle, insufficient attention was paid to utilization of core indicative planning figure resources as seed money to mobilize additional resources for the UNDP country programme. UNDP support will seek to mobilize additional funding for core SHD programme priority areas. Emphasis will be placed on the formulation of high-impact innovative programmes and building strategic alliances with other partners working in UNDP areas of focus. The development of comprehensive frameworks such as the common country assessment and the country strategy note is already under way. This support will help to strengthen the Government's capacity to coordinate external assistance effectively.

III. PROPOSED STRATEGY AND THEMATIC AREAS

16. In the light of the limited core programme resources it is of utmost importance to select strategic interventions in promoting sustainable human development and to mobilize additional resources. UNDP proposes to support: (a) interventions designed to strengthen the Government's capacity to create an enabling environment and implement programmes focusing on poverty reduction; (b) capacity-building for public sector management; and (c) innovative programme interventions that have a demonstration effect. The strategy is to rely for such initiatives on special NGO/community-oriented funds within UNDP, such as the GEF Small Grants Programme and Partners in Development Programme, particularly in the area of community-based poverty reduction and sustainable livelihoods interventions with direct impact on the community at household levels. This should lead to greater impact and stronger capacity to support networking and institution-building among NGOs and community-based organizations that are best placed to work in this area. The Government has also indicated an interest in community-based environmentally sustainable small-scale eco-tourism programmes that would lend themselves amenable to such a strategy.

17. Notwithstanding its modest resources, UNDP brings to the Government access to a wide network of international expertise and United Nations system technical expertise and resources that will serve to promote SHD in the country. As in the last cycle, UNDP strategy will emphasize collaboration with the UNV programme, use of the TCDC modality, particularly twinning arrangements that were successfully utilized during the last cycle, and development of professional networks between national and regional institutions, think-tanks and NGO communities through greater use of information technology. UNDP plans to launch a programme of support to the Government to develop its information technological base and to link it to the UNDP and United Nations system databases and other critical databases of information that are essential for effective governance. Aid coordination services aimed at improved sharing of information and analysis are needed, particularly with respect to social programmes. The sustainable development networking programme, a follow-up to the Small Island Developing States programme of action, will promote cooperation among the different sectors of the community involved in sustainable development by introducing electronic communication system links among them.

A. Social development and poverty eradication

18. The World Summit on Social Development (Copenhagen, 1995) and the Fourth World Conference for Women (Beijing, 1995) have mandated UNDP to support the follow-up to the respective plans of action, emphasizing poverty eradication. The first CCF for Dominica will contribute to fulfilling these mandates, as well as achieving related government goals.

19. Dominica's 1995 Poverty Assessment Survey recommended the implementation of a national anti-poverty strategy comprising three elements: (a) an economic growth strategy for the whole country; (b) a poverty impact focus for all government activities; and (c) strengthening of the social safety net. UNDP programme interventions in this area will focus on strengthening the capacity of the national institutions charged with the elaboration and implementation of the poverty eradication national action plan.

20. The benefits and structure of the social safety net in Dominica should be reviewed in order to ensure that the system responds effectively to the needs of a country that is undertaking structural adjustment. UNDP cooperation under this rubric will seek to assist the Government to assess the effectiveness of the social security and national assistance programmes, and make recommendations to guide their reform.

21. The major expected output under this component of the first CCF for Dominica is the existence of a reformed social security system and of reformed national assistance programmes with the necessary institutional infrastructure. Their success will be measured by the extent to which they reach the poorest sectors of society. Progress will be reviewed mid-term and at the end of the first CCF.

B. Environment and development

22. Following the United Nations Conference on Environment and Development, the World Bank, the United Nations Environment Programme, and UNDP established the GEF. Environment and natural resource management is a government priority.

Activities in which the Government has expressed interest range from provision of technical assistance in the drafting of environmental legislation, to the review and ratification of international environmental and trade treaties. Programme resources will be used as seed capital to design programmes and projects, aimed at strengthening the Government's capacity to assess the environmental impact of major development initiatives, and assisting the Government to access resources in environmentally-related funds such as the Montreal Protocol and the GEF at the sub-regional level and GEF Small Grants Programme at the local level.

23. The expected outputs under this component of the CCF are the reflection of environmental concerns in major development programmes and the availability of funds to carry out concrete impact assessments. Success will be measured by the availability of impact assessments which guide the implementation of development programmes.

C. Governance and democratic development

24. UNDP has been actively involved in the international debate on governance and the critical importance of democratic governance for development. The Government of Dominica is interested in strengthening the process of planning in order to facilitate more timely submission of sectoral plans and the integration of these into a national plan that would guide the prioritization of projects for inclusion in the PSIP.

25. In order to strengthen the capacity of the Ministry of Planning in the analysis and monitoring of projects, the Government is proposing the installation and linkage of computerized management information systems between the line ministries and the Ministry of Planning.

26. In addition to PSIP management, the planning section within the Ministry of Finance, Industry and Planning is responsible for providing macroeconomic forecasts that would inform the budget, especially on the revenue-generation side, and consequently ultimately determine the levels of both revenue and capital expenditure. The Government is seeking to have this section of the ministry staffed with the necessary complement of skilled personnel.

27. Resources will be allocated to the training of line ministry staff designated to deal with project and resource management, and introduce a calendar-based planning cycle and management information system. Each line ministry will therefore have greater in-house capability to develop, implement and execute its own components of the PSIP. Computer-based technology in the various line ministries for the administration of projects will be standardized and communication links with the Ministry of Planning will permit the planning Unit's oversight of the progress of the PSIP.

28. The expected output under this component of the CCF is the existence of standardized project management and administration systems with the required institutional infrastructure. Its success will be measured by the increased coordination between line ministries and the Ministry of Planning, as well as by greater complementarity between initiatives under the PSIP. Progress will be reviewed mid-term and at the end of the first CCF.

IV. MANAGEMENT ARRANGEMENTS

A. Execution and implementation

29. During the last cycle, the national execution modality was utilized, with mixed results. Execution of the programme will therefore be supported by the United Nations specialized agencies, particularly UNCHS and International Labour Organization, where their specialized technical backstopping will be critical, and national execution will be emphasized to the extent that adequate capacity can be created in the Ministry of Finance, Industry and Planning. Special attention will be paid to providing training, with emphasis on procurement and financial and accounting procedures, to improve the Government's national execution capacity. UNDP will also seek to explore the use of NGOs in the implementation of community-level projects. The UNV and TCDC programmes will also be utilized where appropriate.

B. Coordination, monitoring, evaluation, review and reporting

30. The programme will be subject to the standard UNDP mid-term review, bi-annual impact assessments, project annual tripartite reviews and evaluations. Where a national execution modality is used, a joint programme management committee, including representatives from the Government, UNDP, and key donors, will review the programme on a six-monthly basis on its inputs, contents and progress. Overall, efforts will be made to ensure greater participation of all stakeholders at the country level in the review process, especially regional organizations, United Nations agencies, funding agencies and NGOs. The poverty eradication programme will seek to set baseline data and benchmarks to serve as monitoring tools with respect to the overall impact of UNDP-supported interventions in the proposed thematic area. Possibilities for cluster evaluations will be explored. Such evaluations will be headed by a national consultant.

C. Resource mobilization

31. UNDP core resources have been reduced considerably. One of the major challenges will therefore be to mobilize additional resources for the programme. UNDP will place emphasis on building strategic alliances with other United Nations agencies, bilateral and multilateral donors (especially the European Union, BDD, and the Organization of American States, and the regional and international financial institutions (World Bank, Inter-American Development Bank, CDB, Caisse Française)) to enhance the impact of its programme. Efforts will be made to raise funds from the private sector. UNDP will focus on the mobilization of additional funds and will work closely with the Government to strengthen the coordination of United Nations programmes and of other external donor inputs. Resources will be tapped from the Latin American and Caribbean programme, especially in the areas of poverty, environment, and governance.

32. The resource mobilization target table shown in the Annex reflects the total core and non-core resources that are expected to be available to support the UNDP programme from 1997 through 1999.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR THE COMMONWEALTH OF DOMINICA (1997-1999)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	181	
TRAC 1.1.1	196	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	40	
Subtotal	417[a]	
NON-CORE FUNDS		
Government cost-sharing	100	
Sustainable development funds	40	GEF
Third-party cost-sharing	-	
Funds, trust funds and other	-	
Subtotal	140	
TOTAL	557[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = Global Environment Facility; IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; and TRAC = target for resource assignment from the core.